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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART 111**

SEC FILE NUMBER
8- <b>67469</b>

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**Dempsey Lord Smith LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY

FIRM I.D. NO.

**901 North Broad Street, Suite 400**

(No. and Street)

**Rome**

**GA**

**30161**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Jerry E. Dempsey**

**(706) 238-9575**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report\*

**Rubio CPA, PC**

(Name - if individual, state last, first, middle name)

**900 Circle 75 Parkway, Suite 1100**

**Atlanta**

**Georgia**

**30339**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.



**13014972**

**FOR OFFICIAL USE ONLY**

*\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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## OATH OR AFFIRMATION

I, **Jerry E. Dempsey, Jr.**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Dempsey Lord Smith LLC**, as of **December 31**, **2012**, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

~~Signature~~

## Title

**Notary Public**

7-28-14

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17z-5(e)(3).*

**DEMPSEY LORD SMITH, LLC**  
**Financial Statements**  
**For the Year Ended**  
**December 31, 2012**  
**With**  
**Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Members  
Dempsey Lord Smith, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Dempsey Lord Smith, LLC which comprise the statement of financial condition as of December 31, 2012 and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the notes to the financial statements that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dempsey Lord Smith, LLC as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

February 20, 2013  
Atlanta, Georgia

A handwritten signature in black ink, appearing to read "Ruben C. P. C.", written in a cursive style.

RUBIO CPA, PC

**DEMPSEY LORD SMITH, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2012**

**ASSETS**

Cash and cash equivalents	\$ 117,867
Commissions receivable	103,094
Office furniture and equipment, net of accumulated depreciation of \$53,070	25,563
Deposit with clearing broker	50,000
Other assets	<u>5,000</u>
 Total Assets	 <u>\$ 301,524</u>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES**

Accounts payable	\$ 15,130
Accrued commissions	55,302
Other accrued expenses	<u>2,960</u>

Total Liabilities	<u>73,392</u>
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MEMBERS' EQUITY	<u>228,132</u>
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Total Liabilities and Members' Equity	<u>\$ 301,524</u>
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The accompanying notes are an integral part of these financial statements.

**DEMPSEY LORD SMITH, LLC**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2012

REVENUES

Commissions	\$ <u>2,803,082</u>
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Total revenues	<u>2,803,082</u>
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GENERAL AND ADMINISTRATIVE EXPENSES

Commissions	1,968,723
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Employee compensation and benefits	124,009
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Clearing and execution charges	227,045
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Communications	14,599
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Occupancy	124,641
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Other operating expenses	<u>290,183</u>
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Total expenses	<u>2,749,200</u>
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NET INCOME	<u><u>\$ 53,882</u></u>
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The accompanying notes are an integral part of these financial statements.

**DEMPSEY LORD SMITH, LLC**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2012

	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 53,882
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation	5,358
Increase in commissions receivable	(49,007)
Decrease in other assets	7,942
Increase in accounts payable	10,697
Increase in accrued commissions	28,288
Increase in other accrued expenses	<u>432</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>57,592</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of office furniture and equipment	<u>(16,846)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(16,846)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	40,746
 CASH AND CASH EQUIVALENTS BALANCE:	
Beginning of year	<u>77,121</u>
End of year	<u>\$ 117,867</u>

The accompanying notes are an integral part of these financial statements.



**DEMPSEY LORD SMITH, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
For the Year Ended December 31, 2012

Balance, December 31, 2011	\$ 174,250
Net income	<u>53,882</u>
Balance, December 31, 2012	<u><u>\$ 228,132</u></u>

The accompanying notes are an integral part of these financial statements.

**DEMPSEY LORD SMITH, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Description of Business: Dempsey Lord Smith, LLC (the "Company"), a Georgia Limited Liability Company organized in April 2006, is a securities broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA").

The Company operates as a "general securities" broker-dealer executing trades for institutional and retail customers. The Company does not carry customer accounts or perform custodial functions relating to customer securities. Customers of the Company are introduced to a carrying broker-dealer (clearance agent) on a fully disclosed basis. The Company's customers are located throughout the United States.

Cash and Cash Equivalents: The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash and cash equivalents.

The Company maintains its cash and cash equivalents deposits in high credit quality financial institutions. Balances at times may exceed federally insured limits.

Office Equipment: Office equipment is recorded at cost. Depreciation is provided by use of straight-line methods over the estimated useful lives of the respective assets.

Income Taxes: The Company is taxed as a partnership. Therefore the income or losses of the Company flow through to its members and no income taxes are recorded in the accompanying financial statements.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. Under ASC 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a pass-through partnership, and the decision not to file a tax return. The Company has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

The Company, which files income tax returns in the U.S. federal jurisdiction and various state jurisdictions, is no longer subject to U.S. federal income tax examination by tax authorities for years before 2009.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**DEMPSEY LORD SMITH, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Securities Transactions: Customer's securities transactions are reported on a trade date basis.

Commissions Receivable: Commissions receivable are uncollateralized obligations primarily due from other broker-dealers under normal trade terms. The carrying amount of commissions receivable may be reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews all commissions receivable balances and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Management believes that the commissions recorded at December 31, 2012 are fully collectable and are therefore stated at net realizable value without an allowance for doubtful accounts.

Date of Management's Review – Subsequent events were evaluated through February 20, 2013, which is the date the financial statements were available to be issued.

**NOTE B — NET CAPITAL**

The Company, as a registered broker dealer, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2012, the Company had net capital of \$192,125, which was \$142,125 in excess of its required net capital of \$50,000 and its ratio of aggregate indebtedness to net capital was .38 to 1.0.

**NOTE C — OFF BALANCE SHEET RISK**

In the normal course of business, the Company's customers execute securities transactions through the Company. These activities may expose the Company to off balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

**NOTE D — CLEARANCE AGREEMENT**

The Company has an agreement with a clearing broker to execute and clear, on a fully disclosed basis, customer accounts of the Company. In accordance with this agreement, the Company is required to maintain a deposit in cash or securities.

The Company's clearing agreement requires that a minimum balance of \$50,000 be maintained on deposit with the clearing broker and that minimum net capital of \$75,000 be maintained.

**DEMPSEY LORD SMITH, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**NOTE E — LEASES AND RELATED PARTIES**

The Company leases both of its office premises from its members or entities controlled by its members. Payments required under the related party leases are routinely waived or changed. One related party office premises lease requires annual rent payments of \$12,000 and the other lease requires payments of \$103,500 under the terms of the lease.

The Company has no remaining minimum lease commitment under the premises leases with related parties at December 31, 2012.

For the year ended December 31, 2012, rent expense under related party premises leases amounted to approximately \$115,000.

During the year ended December 31, 2012, the Company purchased office furniture from a related insurance agency that ceased operations for \$15,000.

Financial position and results of operations would differ from the amounts in the accompanying financial statements if these related party transactions did not exist.

**NOTE F – CONTINGENCIES**

The Company is subject to litigation and customer claims in the normal course of business. At December 31, 2012, the Company is engaged in a single arbitration matter with a customer. As of December 31, 2012, the Company has expensed costs of litigation equal to the deductible under its insurance coverage and no additional costs are expected to be incurred.

## SUPPLEMENTAL INFORMATION

**SCHEDULE I**  
**DEMPSEY LORD SMITH, LLC**

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1934**  
**AS OF DECEMBER 31, 2012**

**NET CAPITAL:**

Total members' equity	<u>\$ 228,132</u>
Less nonallowable assets:	
Accounts receivable, non-allowable	(5,444)
Office furniture and equipment	(25,563)
Other assets	<u>(5,000)</u>
	<u>(36,007)</u>
Net capital before haircuts	192,125
Less haircuts	<u>-</u>
Net capital	192,125
Minimum net capital required	<u>50,000</u>
Excess net capital	<u>\$ 142,125</u>
Aggregate indebtedness	<u>\$ 73,392</u>
Minimum net capital based on aggregate indebtedness	<u>\$ 4,893</u>
Ratio of aggregate indebtedness to net capital	<u>.38 to 1.0</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED**  
**IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2012**

There is no significant difference between net capital as reported in Part IIA of Form X-17a-5 and net capital as reported above.

**DEMPSEY LORD SMITH, LLC**

**SCHEDULE II  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2012**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(ii) of the rule.

**SCHEDULE III  
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2012**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(ii) of the rule.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL  
REQUIRED BY RULE 17a-5**

To the Members  
Dempsey Lord Smith, LLC

In planning and performing our audit of the financial statements of Dempsey Lord Smith, LLC, for the year ended December 31, 2012, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by Dempsey Lord Smith, LLC, that we considered relevant to the objective stated in Rule 17a-5(g). We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedure for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company related to the following: (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2012 to meet the Commission's objectives.

This report recognizes that it is not practicable in an organization the size of the Company to achieve all the division of duties and cross-checks generally included in a system of internal accounting control, and that alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and should not be used for any other purpose.

February 20, 2013  
Atlanta, Georgia

A handwritten signature in black ink, appearing to read "Rubio CPA, PC", written in a cursive style.

RUBIO CPA, PC

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT  
RECONCILIATION**

To the Members of Dempsey Lord Smith, LLC:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2012, which were agreed to by Dempsey Lord Smith, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Dempsey Lord Smith, LLC's compliance with the applicable instructions of the Assessment Reconciliation (Form SIPC-7). Dempsey Lord Smith, LLC's management is responsible for Dempsey Lord Smith, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2012, with the amounts reported in Form SIPC-7 for the year ended December 31, 2012 noting no differences;
3. Compared adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences;

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

February 20, 2013  
Atlanta, GA



RUBIO CPA, PC

(33-REV 7/10)

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

## General Assessment Reconciliation

(33-REV 7/10)

For the fiscal year ended \_\_\_\_\_, 20\_\_\_\_

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

Dempsey Lord Smith

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to [form@sipc.org](mailto:form@sipc.org) and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 3155.11
- B. Less payment made with SIPC-6 filed (exclude interest) (628.26)
- 7/30/12  
Date Paid
- C. Less prior overpayment applied (                    )
- D. Assessment balance due or (overpayment)
- E. Interest computed on late payment (see instruction E) for            days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 2526.84
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 2526.84
- H. Overpayment carried forward \$(                      )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 16 day of February, 2013.

(Title)

**This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.**

**SIPC REVIEWER**

Dates:                                                                 
Postmarked Received Reviewed

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_

Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning \_\_\_\_\_, 20\_\_\_\_  
and ending \_\_\_\_\_, 20\_\_\_\_

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents  
\$ 2,803,082

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

**2c. Deductions:**

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

Insurance 772,493  
MUT > 641,135  
Funds 1,413,628  
127,410

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ \_\_\_\_\_

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

\$ 1262043  
\$ 3155.11  
(to page 1, line 2.A.)

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025